

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00 INRE-00

CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 EB-07 AGR-05 COME-00 TRSE-00

SAJ-01 OMB-01 CIEP-01 /068 W

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O R 131351Z AUG 76

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC IMMEDIATE 3244

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

USMISSION NATO

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

CONFIDENTIAL WARSAW 5678

E.O. 11652: GDS

TAGS: PINT, PFOR, ECON, PL

SUBJECT: POLAND PARTIALLY RATIONS SUGAR

1. SUMMARY: FOLLOWING A POLITBIURO MEETING ON AUGUST 11,  
THE COUNCIL OF MINISTERS ANNOUNCED LATE AUGUST 12 THAT SUGAR  
WOULD BE PARTIALLY RATIONED BEGINNING AUGUST 16 BECAUSE OF  
CONTINUED HOARDING AND HEAVY SPECULATIVE BUYING. THE RA-  
TIONING WILL ADD ADDITIONAL FUEL TO PUBLIC RESENTMENT ABOUT  
THE GOVERNMENT'S INABILITY TO FULLY MEET CONSUMER DEMANDS.

2. THE COUNCIL OF MINISTERS' ACTION FOLLOWS

NUMEROUS POLISH PRESS REPORTS THAT SUGAR SUPPLIES  
TO THE DOMESTIC MARKET IN JUNE AND JULY OF 1976  
WERE LARGER THAN IN THE SAME PERIOD DURING 1974 AND 1975  
AND THAT THIS YEAR'S SUGAR BEET CROP WILL BE GOOD.  
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DESPITE THESE AMPLE SUPPLIES, DOMESTIC

SALES DURING THE MONTH OF JUNE WERE REPORTEDLY 40 PER CENT HIGHER THAN A YEAR AGO, LEADING TO THE CONCLUSION THE HOARDING AND SPECULATIVE BUYING WERE RESPONSIBLE FOR THE UNUSUALLY HEAVY DEMAND THIS SUMMER.

3. COMMENT: THIS HEAVY DEMAND HAS BEEN MANIFESTED THROUGH LONG LINES OF WAITING CUSTOMERS BEFORE PRACTICALLY EVERY RETAIL OUTLET IN POLAND FOR THE PAST SIX WEEKS. THESE QUELLES, COMBINED WITH CONTINUED BOTTLENECKS AND SHORTAGES OF MEAT, ARE REMINISCENT OF PAST BUYING PANICS IN POLAND AND DO NOTHING TO IMPROVE THE TEMPERS OF HOUSEWIVES AND THE POPULACE IN GENERAL.

4. THE CONTINUING RUN ON SUGAR STOCKS IS A FURTHER POPULAR VOTE OF NO CONFIDENCE IN THE CURRENT REGIME, SHOWING THAT THE DUST OF JUNE 24-25 EVENTS HAS CLEARLY NOT YET SETTLED. RECALLING THAT SUGAR WAS SUPPOSED TO HAVE MORE THAN DOUBLED IN PRICE ACCORDING TO PREMIER JAROSZEWCZ'S JUNE 24 SPEECH, THE PUBLIC HAS NOT ACCEPTED GOVERNMENT SUBSEQUENT ASSURANCES THAT ONLY MEAT, MEAT PRODUCTS AND POULTRY PRICES WILL BE RAISED IN THE COMING MONTHS. MOREOVER, THE PROBLEM OF AN INCREASINGLY LARGE SURPLUS OF SAVINGS CHASING TOO FEW DESIRABLE CONSUMER FOODS REMAINS, WITH THE RESULT THAT CHEAP SUGAR HAS BECOME A PRIME INVESTMENT. (END COMMENT).

4. DETAILS OF THIS DECISION, TOGETHER WITH ADDITIONAL EMBASSY COMMENTS, WILL FOLLOW BY SEPTEL.  
BROWN

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NNN

## Message Attributes

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